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If at First You Don't Succeed . . .

Spirit of "Clinton-Care" is Tried and Tried Again in New Initiatives

> *"All the other advanced countries can figure out how to get health insurance to everybody.... If what I tried to do before won't work, maybe we can do it another way. That's what we've tried to do, a step at a time until eventually we finish this."* [President Clinton before the Service Employees International Union, 9/15/97]

While President Clinton's effort to nationalize America's health care system failed in 1994, the misguided spirit that fueled it lives on. This spirit is more than simply a "government-knows-best" mentality. It is central to the Clinton-ites' apparent mission to eliminate all perceived imperfections in America's health care system, no matter what the risk.

In short, they're going to try again to resurrect government-run health care, a step or two at a time.

The conclusion that "Cousin-of-Clinton-Care" legislation can out-perform the collective effort of doctors, patients, employers, and insurers is evident in two new Administration initiatives:

- the plan to expand Medicare eligibility; and
- the plan to mandate private insurer practices.

The first plan affects seniors, while the second affects just about everyone else. The combined scope of these plans constitutes a proposal only slightly less comprehensive than the original Clinton-Care of 1994. However, it is no less dangerous.

Proposal One:

Expanded Medicare Eligibility Inevitably Means Decreased Benefits

Like the proverbial five pound sack straining with a ten pound load, Medicare is already threatening to burst at the seams, yet rather than alleviating the strain, Clinton wants to add to it. His proposal would allow entrance to people as young as age 55 — the largest eligibility increase in the program's history. Common sense says something must give — and that "something" doing the "giving" is most likely to be current beneficiaries in the form of higher premiums and co-payments or reduced benefits.

The Clinton Administration claims that this eligibility expansion will be "self-financing." Of course, the Medicare program has never met its spending projections: recall that in 1965, estimated spending for Part A in 1990 was $9 billion; it turned out to be $67 billion. CBO's latest projection of spending growth is 5.9 percent through 2007, far higher than the projected growth rate (4.6 percent) of the economy as a whole.

As a result, few people believe the Administration's "self-financing" claims. A recent *New York Times* article (1/20/98) did not cite a single person outside the White House who believed the claims. Even if the expansion paid for itself, it would be vulnerable to political manipulation that could add billions to its costs, as former CBO director Robert Reischauer has stated:

> *"And even if the plan does not hinge on government subsidies at first, Reischauer predicted it would 'inevitably create political pressures for subsidies. We'll see, after a few years, participation among those relatively well-off is high and among those who are poor is minuscule. You know that pressure will build.'"* [*Washington Post*, 1/25/98]

If the expansion does not pay for itself, then someone else will have to: the Trust Fund — i.e., the beneficiaries — will be first in line either to pay more in premiums and co-payments, or receive less in benefits.

The President is Undercutting the Work of His Own Commission

As everyone but the Clinton-ites apparently recalls, Medicare narrowly averted bankruptcy just last year — it was projected to be insolvent in 2001 — when Congress instituted the most far-reaching reforms since the program's inception. The Balanced Budget Act that extended the life of the program until 2010 also established a high-level commission to report on the fundamental reforms needed to prepare the program for the baby-boom retirees.

Yet, Clinton now wants to allow millions of "near elderly" Americans to be able to buy into Medicare — without waiting either for evidence of the effects of the recent congressional reforms or even the commission's first meeting. It's no wonder that Senator Breaux (D-LA), chairman of the new Medicare commission, remarked: ***"I can't imagine Congress going forth [with the Clinton expansion proposal] this year."*** [*National Journal*, 1/23/98]

Why Congress Should Not Act on Clinton's Medicare Expansion Proposal

- Medicare was headed for bankruptcy in less than four years until Congress acted to protect it just last year.
- Medicare still faces long-term problems of providing benefits for baby-boom retirees.
- The new Medicare commission charged with addressing these long-term problems has not even met yet.

- Clinton has never proposed a real Medicare reform plan, despite having faced both short- and long-term Medicare crises throughout his presidency.
- Yet Clinton now proposes the largest eligibility expansion in the program's history.
- Clinton claims his expansion will be "self-financing," yet Medicare has never met its spending projections and is still growing faster than the entire economy.
- Current Medicare beneficiaries stand at the front of the line to pay more or receive less in benefits if this proposal becomes law.
- Medicare's long-term solvency would be placed at even greater risk than it already is, despite the fact that 86 percent of Americans targeted (those between the ages of 55-64) have insurance.

Proposal Two: Private-Sector Mandates Mean Increased Costs, Decreased Access

The President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry, otherwise known as the Quality Commission, made its broad recommendations for a so-called private sector patients' bill of rights in November 1997. The broad recommendations included, among other areas, information and disclosure, emergency treatment access, confidentiality, and complaint and appeal procedures.

This thematic document, forged from a tenuous consensus between various parties in the health care debate — including employers, insurers, Administration officials, and public interest groups — was intended to serve as a guideline. As such, it was embraced by many in the private sector, where many of the recommendations are already being put into practice. It was not intended as legislation, in fact implementation was still an issue to be determined when the commission met later this year.

However, that was evidently *not* President Clinton's intention. Clinton, instead of waiting for the commission to decide how best to pursue the recommendations, announced on the very day the recommendations were released that he wanted to implement these legislatively. His haste to pursue a legislative fix not only undercuts the commission but calls into question the commission's real purpose. Apparently this commission was never meant to advise the Administration, but was used as an excuse to pursue the 1994 Clinton-Care agenda through private-sector mandates and regulations.

Nor are the Clinton-ites alone in this misguided effort to mandate the outcome they would like to achieve. Rep. Charlie Norwood (R-GA) with his version of the same effort (Patient Access to Responsible Care Act, known by its acronym "PARCA," H.R. 1415) is equally endangering the nation's health care system in order to "perfect it."

Business leaders rightly point out that "PARCA's" proposals will increase premiums. A coalition of business and health care groups assert the bill *"could increase health-care premiums by 23 percent and lead to as many as 9 million people losing their insurance,"* and the National Association of Manufacturers says it would create *"more than 300 new federal*

requirements for group and individual health plans and more than 200 new mandates for self-insured plans." [*The Wall Street Journal*, 1/22/98]

And so, while the rationales for the President's and Rep. Norwood's initiatives may be different, the equation for both remains the same:

Increased Government Interference = [Increased Cost + Decreased Access]

Earlier this month, the Kaiser Family Foundation and Harvard University released the results of a survey which calls into question just how much the public knows about the Clinton plan — let alone supports its outcomes. Specifically, despite public desire for increased consumer protections, public support falls if such plans are part of a larger government health reform plan that could result in decreased access or higher premiums.

- **First, the poll revealed the public knows very little about the Clinton plan:** *Just 15 percent are aware that its primary purpose is to recommend practices health insurance plans should follow... A third (33%) are simply unsure what it is about.* [The Kaiser-Harvard Program on The Public and Health/Social Policy, 1/21/98]

- **While the public likes the rhetoric of the Clinton plan, they loathe the reality of higher costs and reduced access:** *Three quarters of the public (72%) support passing into law the "Consumer Bill of Rights," proposed by a Presidential advisory commission at the end of last year and endorsed by the President; 17 percent oppose....* [Yet] *When presented with the possibility of premium increases: 43 percent would still favor it if their premium increase were small, $1-5 per month (43% would oppose), but drops to 28 percent if their increase were larger, $15-20 per month (57% would oppose).* [The Kaiser-Harvard Program on The Public and Health/Social Policy, 1/21/98]

- **Americans do not want increased government interference:** *When asked <u>who</u> should protect managed-care consumers, a majority (57%) of Americans think the primary responsibility should rest with a nongovernment independent organization; a quarter (23%) think the government should serve this function, and 15 percent say it is the managed care industry itself.* [The Kaiser-Harvard Program on The Public and Health/Social Policy, 1/21/98]

- **The public fears decreased access:** *Support declines markedly if people believe employers would drop coverage with 20 percent in favor if passing it meant only a "small number of employers" dropped coverage (65 percent would oppose), and only 13 percent favoring a plan if a "large number of employers" dropped coverage.* [The Kaiser-Harvard Program on The Public and Health/Social Policy, 1/21/98]

In fact, the trend of increased costs already has been cited as the reason that the percentage of insured employees is falling — not because fewer businesses are offering insurance but because the employees find it too expensive. A financial column in the *Washington Post* cites researchers at the Department of Health and Human Services who assert the increased number of uninsured is not due to employers cutting back on offering coverage: *"In fact, they found that the percentage of workers offered insurance at work has increased slightly over the past decade, to 75 percent from 72 percent of all workers. What has changed, however, is that the percentage of workers taking up the offer of health insurance has declined to 80 percent from 88 percent."* The column concludes the cause: *"As employers have moved aggressively to limit their exposure to rising health care costs, employees at many firms have had to pick up more of the tab, in the form of higher premium payments, deductibles and co-payments"* [*The Washington Post,* 11/13/97].

Using the Perfect as the Enemy of the Good . . . for the Benefit of the Bad

Clinton's proposed Medicare expansion and his drive to mandate health care benefits may seem dissimilar on the surface but they are — at their philosophical cores — identical. In both cases, the pursuit of "the perfect" would put at risk "the good" in the nation's health care system.

- Among those between the ages of 55 and 64, Clinton's target audience for buying in to Medicare, 86 percent already are insured.

- According to a poll conducted by *ABC News* last summer, 87 percent of those in HMOs rated their coverage as either excellent or good, a figure statistically equal to the satisfaction rates of those in Preferred Provider Organizations (PPOs) and traditional fee-for-service plans. [*ABC News* Poll, 9/15/97]

- Expansion of Medicare is recognized by virtually every non-Administration analyst as resulting in increased costs, with current beneficiaries first in line to pay — either through reduced benefits or increased co-payments and premiums.

- Health care analysts and businesses say more government interference will mean increased costs and decreased access to the private insurance and private health care that Americans want.

The intentions behind these efforts to change our health care system do not have to be bad for their effects to be. The question remains: What is the best way to achieve the desired ends of lower costs, greater access, and better quality in America's health care system? Why — when the movement is toward greater productivity through decreased government control in virtually every other sector of the American economy — from airlines, to trucking, to electricity, to telecommunications — should health care be the one area where more regulation would be the answer? Do Americans want government making their health care decisions? They already have answered this question — in 1994 when they rejected "Clinton-Care." Yet Clinton-ites refuse to accept that answer, because they insist they know better.

- "In a little-noticed aside to reporters during a recent tour of Eastern Europe, first lady Hillary Rodham Clinton said she still regards the government overhaul of the $1 trillion medical industry that she drafted in 1994 as a **'basic model'** for the future." Mrs. Clinton's spokesman Neel Lattimore: **"That was the hope in 1994 and that is the hope today."** [*Washington Times*, 7/22/96]

- **"We're going to get this done and we're going to keep coming back at it . . . If we have a big sweep for the Democrats in the House and Senate, we'll get single-payer."** [Senator Kennedy, *Reuters*, 6/17/96]

- **"Certainly his views haven't changed ... President Clinton remains committed to the idea. Indeed, the President will try again if a more receptive Congress is ever elected, Magaziner said."** [*Providence Journal*, 5/7/96, on remarks by White House adviser Ira Magaziner, designer of the Clinton-Kennedy nationalized health care plan]

The only beneficiaries of increased government interference ultimately will be those who favor "Clinton-Care" or something like it. It will continue the vicious cycle that remains the greatest threat to America's health care system: increased government involvement leads to increased costs, which leads to increased numbers of uninsured, which in turn will serve as an impetus for the nationalizers to pursue yet greater government involvement. One should suspect that those who turn to government to solve the problems of health care are more interested in the government running health care than in health care running better.

Perhaps the most important question to be asked in the entire debate: Why are those who are honestly concerned about health care playing into the hands of those who aren't? To quote an astute observation of 200 years ago:

> *"We shall never be such fools as to call in an enemy to the substance of any system to remove its corruptions, to supply its defects, or to perfect its construction."* [Edmund Burke, *Reflections on the Revolution in France]*

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